

Loudoun County, Virginia

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Department of Management and Financial Services

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I. CORRECTIVE ACTION PLAN FOR FY2004 SINGLE AUDIT FINDINGS

1. Finding Number 2004-01:

The County has instituted corrective action by devising a time and effort reporting form that will be completed semi-annually by the Foster Care program specialists. These individuals will sign the form certifying that 100% of their time is spent on Foster Care activities. The Foster Care supervisor will review and approve the form by signing it. The form will be kept by the administrative assistant for the Foster Care unit.

2. Finding Number 2004-02:

The County has implemented a quality control process by having the Foster Care eligibility supervisor conduct random case reviews and document the findings. The supervisor will review at least one case per month.

Note: While working with the Department of Housing Services to address incorrect vendor payments, the staff from Management and Financial Services became aware of issues with the management of internal controls related to financial accounting and system (HAPPY) administration. The external auditors were made aware of these problems in their annual Fraud Prevention interview with the Comptroller and Assistant Comptroller. KPMG decided to perform an IT audit of the HAPPY system which resulted in the findings listed below.

3. Finding Number 2004-03:

The formal waiting list is automated and has been maintained by the County in the Housing Assistance Payment System (HAPPY) waiting list module. The County has also implemented a formal waiting list selection process to ensure compliance with federal regulations and program requirements. When a voucher is available, a waiting list report will be printed from HAPPY by an administrative assistant, and is given to the HCV workgroup to initiate the waiting list verification process. The HCV supervisor oversees the process to ensure proper order; PHA plan compliance and all eligibilities are met. The HCV counselor will be assigned to the case once all eligibility requirements are verified. The case will be transferred to the occupancy module with the voucher issuance from the waiting list module in HAPPY.

4. Finding Number 2004-04:

The County has implemented control procedures to ensure all failed HQS inspections have been reviewed and follow-up actions have been taken and documented. All inspections will be documented in HAPPY and verified. A report will be generated twice a month from the HAPPY inspection module to indicate any failed inspection that has not been re-inspected and passed within the allowable period (24 hours for emergency items and 30 days for other failed items). Reports will be given to the supervisor to follow up with responsible staff. Failed inspection letters that are generated through HAPPY will be sent. Corrective action will be taken as necessary.

5. Finding Number 2004-05:

The County has implemented internal control to address the design and operating weakness of the Housing Assistance Payment System:

- Implemented access Control:

A: The System Administrator has created a request form (includes a description of what each module does) that a user may request the type of security that he/she will need.. The Form also will be used to delete users from the system. The form is signed by the user and user' s supervisor. These requests will be reviewed every six months to ensure that the proper security is up to date.

B: Administrator access right has been limited to the System Administrator and a back up for the administrator. The software has been modified so that user IDs and passwords cannot be printed out.

C: Passwords are required to be changed the first day of each month and users must use letters, characters and numbers for a strong password. If the user does not change his/her password by the third working day of the month, access will be terminated until it is reset by the system administrator.

- Implemented system segregation of functions and control of new vendor ID process:

A: System control over the process of new vendors has been implemented. A new vendor request form has been created so that each Counselor requesting any type of vendor change must be submitted to the HVC financial accountant or the finance manager in the Department of Social Services. New vendor ID numbers are assigned by only two staff members in the Department of Social Services.

B: A procedures manual has been developed for the processing of each of the check run processes and verification procedures for detecting duplicate vendors, missing information, etc.

C: The HCV accountant and the finance manager coordinate the processing of checks that include the finance manager completing the weekly check run and being reviewed and verified by the accountant and the monthly check run completed by the accountant and reviewed by the finance manager. An administrative staff member will disburse all checks.

- Implemented System control :

A: The HAPPY server has been relocated to the Department of Information Technology. Backups are being performed nightly by the IT staff.

B: A service agreement between the County and the software manufacturer has been established.

C: A new system administrator for the software has been hired. Changes or upgrade of the program will be tested and evaluated before it is loaded to production.

- Application design weakness and deficiencies:

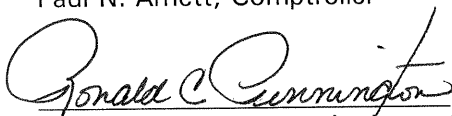
The HAPPY upgrades require an expensive version of software. .The County is in the process of evaluation of several options including the acquisition of the upgrade of HAPPY.

II SUMMARY SCHEDULE OF PRIOR AUDIT FINDING:

- Semiannual Progress Reports -- Finding number 03-01:
The grant manager has taken precaution in assuring that all progress reports are turned in on time. On the 15th of the month prior to when the progress report is due, the grant manager has set up, within our e-mail system, (Novell GroupWise Calendar) a reminder to pop up. Once she receives the reminder, an email message is sent out to those involved. The grant accountant in the Department of Management and Financial Services also sends an e-mail reminder to the grant managers before it is due.
- Suspension and Debarment Certifications --- Finding number 03-02:
To ensure that suspension and debarment certifications are obtained from the contractor, the County buyer agent handling the purchase must verify and document the vendor's status before authorizing and issuing the purchase order.
- Allowable Cost --- Finding number 03-03:
To ensure all purchases are approved by the grant manager before an actual purchase is made, the county purchasing office has implemented an approval path within the county accounting system. Anything related to the grant activities will come to the grant manager for approval. Anything purchased outside of the purchasing office must require prior approval from the grant manager before the purchase is made.
- Payroll Certification--- Finding number 03-04:
Certifications of employee time worked for grants have been implemented.
- Interest Earned Reporting --- Finding number 03-05:
The cash balance of grants will be reviewed on a periodic basis. Interest earned will be distributed.



Paul N. Arnett, Comptroller



Ronald C. Pennington, Assistant Comptroller